

5 JAN 1949

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NEAR EAST-AFRICA 028

1. PALESTINE: Reported progress in Israeli-Transjordan talks-- S-S
US Representative Stabler in Amman reports that "good progress" is apparently being made in Israeli-Transjordan negotiations and that the next meeting will be held in Jerusalem on 5 January. Stabler adds that the Israeli attitude was apparently more cordial at the last meeting than in previous sessions.

FAR EAST

2. INDONESIA: Dissolution of GOC recommended--US Representa- S-S
tive Cochran in Batavia considers that the dissolution of the UN Good Offices Committee (GOC) should be effected as soon as possible and has suggested to the Department of State that he be authorized to urge the GOC to recommend its own dissolution in a 6 January report to the Security Council. Cochran believes that: (a) even as a reporter the GOC can now function only under Dutch sufferance and only within such limited zones as the Netherlands may consider expedient; and (b) further activities of the GOC may seem to condone Netherlands action.

3. CHINA: Chiang Kai-shek's retirement plans--US Ambassador S-S
Stuart has learned that Chiang Kai-shek has twice reaffirmed since 1 January to Vice President Li Tsung-jen his intention to retire. According to these reports, which Stuart is convinced are factually authentic, Chiang expects Li to act for him during a prolonged but not necessarily permanent retirement. If the Chinese Communists still prove intractable in peace negotiations, Chiang reportedly intends to return and carry on the struggle. Chiang is said to plan to go first to his home in Chekiang Province and later, if the military situation necessitates, he will withdraw to Taiwan where he intends to locate the Chinese Navy, the Air Force, and the Government's movable assets. The US Consul General in Taipei has been told that Chiang will definitely move to Taiwan and will attempt to continue resistance there as a "National" Government if the Communists reject peace negotiations. S-TS

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